

0985 California School Finance Authority

Created in 1985, the California School Finance Authority (CSFA) oversees the statewide system for the sale of revenue bonds to reconstruct, remodel or replace existing school buildings, and to acquire new school sites and buildings to be made available to public school districts, charter schools, and community colleges, and to provide access to financing for working capital and capital improvements. CSFA consists of the following three members: the State Treasurer who serves as chair, the Superintendent of Public Instruction, and the Director of the Department of Finance.

3-YR EXPENDITURES AND PERSONNEL YEARS

	Personnel Years			Expenditures		
	2009-10	2010-11	2011-12	2009-10*	2010-11*	2011-12*
20 Charter School Facilities Program	5.3	5.0	5.0	\$631	\$1,053	\$1,077
30 State Charter School Facilities Incentive Grants Program	-	-	-	10,671	20,125	20,125
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	5.3	5.0	5.0	\$11,302	\$21,178	\$21,202

FUNDING				2009-10*	2010-11*	2011-12*
0526	California School Finance Authority Fund			\$-	\$50	\$50
0890	Federal Trust Fund			10,671	20,125	20,125
9734	2004 Charter School Facilities Account, 2004 State School Facilities Fund			446	574	598
9735	2006 Charter School Facilities Account, 2006 State School Facilities Fund			185	429	429
TOTALS, EXPENDITURES, ALL FUNDS				\$11,302	\$21,178	\$21,202

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Education Code Sections 17170-17199.5 and 17078.52-17078.66.

DETAILED BUDGET ADJUSTMENTS

	2010-11*			2011-12*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Employee Compensation Adjustments	\$-	-\$31	-	\$-	-\$7	-
• Retirement Rate Adjustment	-	9	-	-	9	-
• Workforce Cap Adjustment	-	-19	-	-	-19	-
Totals, Other Workload Budget Adjustments	\$-	-\$41	-	\$-	-\$17	-
Totals, Workload Budget Adjustments	\$-	-\$41	-	\$-	-\$17	-
Totals, Budget Adjustments	\$-	-\$41	-	\$-	-\$17	-

PROGRAM DESCRIPTIONS

10 - SMART BONDS PROGRAM

Chapter 1438, Statutes of 1985, as amended by Chapter 598, Statutes of 1987, established the California School Finance Authority (CSFA) and authorized the issuance of \$400 million in revenue bonds or other debt instruments. The proceeds from the sale of the bonds were available for loans to school and community college districts to assist with the acquisition of equipment and new school sites, construction of new facilities, reconstruction of existing facilities, capital improvements, acquisition of portable/relocatable buildings, and to provide working capital. Effective January 1, 1997, Chapter 1071, Statutes of 1996, authorized the issuance of an additional \$400 million in revenue bonds per fiscal year for school districts and county offices of education that agreed to guarantee payment of the bonds with Proposition 98 funds. The total outstanding amount may not exceed \$4 billion at any one time. Pursuant to Chapter 741, Statutes of 1998, effective January 1, 1999, the \$400 million annual issuance cap was eliminated. Based on program amendments effective January 1, 2007, Chapter 325, Statutes of 2006 (AB 2717), CSFA offers financing opportunities for charter schools for capital improvements and working capital needs.

20 - CHARTER SCHOOL FACILITIES PROGRAM

Chapter 935, Statutes of 2002, as amended by Chapter 587, Statutes of 2003, created the Charter Schools Facilities

* Dollars in thousands, except in Salary Range.

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Program, which provides funding for the new construction or renovation of charter school facilities. CSFA and the Office of Public School Construction jointly administer the program. The Charter School Facilities Program through the Kindergarten-University Public Education Facilities Bond Acts of 2002, 2004, and 2006, was funded \$100 million in bond proceeds from Proposition 47, \$300 million from Proposition 55, and \$500 million from Proposition 1D. To date, 65 schools have been awarded funding through the program's funding rounds.

The program provides a 50% state subsidy for the charter school facilities project costs, with the balance of the project costs being repaid (to the state) by the charter school in the form of a long-term lease. Recipient charter schools must provide site-based instruction, be deemed financially sound by CSFA, and meet other program eligibility requirements.

30 - STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM

In 2004, CSFA was awarded a grant under the United States Department of Education's State Charter School Facilities Incentive Grants Program to provide California charter schools with assistance for facilities costs. The \$50 million federal grant was allocated over a five-year period (through 2009) to eligible charter schools. Grant funds are used toward a charter school's cost of rent, lease, mortgage or debt service payments for existing or new facilities or toward the costs of acquiring land and constructing or renovating a facility. Grants are awarded to charter schools based on preference points allotted for the percentage of low-income students, percentage overcrowded, not-for-profit status, and demonstrated student performance. Eligible charter schools must, at a minimum, be in good standing with their chartering authority, provide site-based instruction, and have completed at least one school year of instructional operations. Additional requirements are listed in the program regulations.

In 2009, CSFA received an additional grant of \$48 million from the United States Department of Education's State Charter School Facilities Incentive Grants Program. The award will be allocated over a five-year period and the program eligibility and criteria are similar to those under the first award of \$50 million. Under this round, CSFA implemented a change in regulations to award charter schools preference points if the school is providing better educational opportunities than surrounding public schools. First time applicants are also given preference as compared to past recipients.

CREDIT ENHANCEMENT FOR CHARTER SCHOOL FACILITIES PROGRAM

In 2010, CSFA was awarded \$8.3 million by the Credit Enhancement for Charter School Facilities Program (CFDA 84.354A) authorized under Title V, Part B, Subpart 2 of the Elementary and Secondary Education Act, to enhance credit for charter schools and enable them to access non-Federal funds that will address the costs of renovating, acquiring, and constructing school facilities. The grant funds will act as a reserve against any shortfalls in debt service on bonds that are issued by CSFA.

QUALIFIED SCHOOL CONSTRUCTION BONDS (QSCB)

The American Recovery and Reinvestment Act of 2009 (ARRA) provided funding for the new construction or renovation of school facilities through the use of Qualified School Construction Bonds (QSCBs). Of California's \$773 million in "volume cap" allocation for the issuance of QSCBs, approximately \$73 million was reserved for use by charter schools through the issuance of conduit revenue bonds by CSFA which will be designated as QSCBs. To date, CSFA has allocated a total of approximately \$50 million of the \$73 million. Additionally, in 2010, CSFA was awarded an additional \$68 million for the issuance of QSCBs through Assembly Bill 2560 (Chapter 266, Statutes of 2010).

DETAILED EXPENDITURES BY PROGRAM

		2009-10*	2010-11*	2011-12*
PROGRAM REQUIREMENTS				
20	CHARTER SCHOOL FACILITIES PROGRAM			
	State Operations:			
0526	California School Finance Authority Fund	\$-	\$50	\$50
9734	2004 Charter School Facilities Account, 2004 State School Facilities Fund	446	574	598
9735	2006 Charter School Facilities Account, 2006 State School Facilities Fund	185	429	429
	Totals, State Operations	\$631	\$1,053	\$1,077
PROGRAM REQUIREMENTS				
30	STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM			
	State Operations:			
0890	Federal Trust Fund	\$110	\$125	\$125
	Totals, State Operations	\$110	\$125	\$125
	Local Assistance:			
0890	Federal Trust Fund	\$10,561	\$20,000	\$20,000
	Totals, Local Assistance	\$10,561	\$20,000	\$20,000

* Dollars in thousands, except in Salary Range.

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	<u>2009-10*</u>	<u>2010-11*</u>	<u>2011-12*</u>
TOTALS, EXPENDITURES			
State Operations	741	1,178	1,202
Local Assistance	10,561	20,000	20,000
Totals, Expenditures	\$11,302	\$21,178	\$21,202

EXPENDITURES BY CATEGORY

1 State Operations	Positions/Personnel Years			Expenditures		
	2009-10	2010-11	2011-12	2009-10*	2010-11*	2011-12*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	5.3	5.0	5.0	\$364	\$323	\$330
Total Adjustments	-	-	-	-	-25	-
Estimated Salary Savings	-	-	-	-	-14	-14
Net Totals, Salaries and Wages	5.3	5.0	5.0	\$364	\$284	\$316
Staff Benefits	-	-	-	101	177	154
Totals, Personal Services	5.3	5.0	5.0	\$465	\$461	\$470
OPERATING EXPENSES AND EQUIPMENT				\$276	\$717	\$732
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$741	\$1,178	\$1,202

2 Local Assistance	Expenditures		
	2009-10*	2010-11*	2011-12*
Federal Grant Program	\$10,561	\$20,000	\$20,000
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$10,561	\$20,000	\$20,000

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2009-10*	2010-11*	2011-12*
0526 California School Finance Authority Fund			
APPROPRIATIONS			
Education Code Section 17181	-	\$50	\$50
TOTALS, EXPENDITURES	\$-	\$50	\$50
0890 Federal Trust Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$125	\$125	\$125
Budget Adjustment	-15	-	-
TOTALS, EXPENDITURES	\$110	\$125	\$125
9734 2004 Charter School Facilities Account, 2004 State School Facilities Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$614	\$615	\$598
Allocation for employee compensation	-	2	-
Adjustment per Section 3.60	1	9	-
Reduction per Section 3.90	-66	-19	-
Reduction per Control Section 3.91	-	-33	-
Totals Available	\$549	\$574	\$598
Unexpended balance, estimated savings	-103	-	-
TOTALS, EXPENDITURES	\$446	\$574	\$598
9735 2006 Charter School Facilities Account, 2006 State School Facilities Fund			

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1 STATE OPERATIONS	2009-10*	2010-11*	2011-12*
APPROPRIATIONS			
001 Budget Act appropriation	\$429	\$429	\$429
Totals Available	\$429	\$429	\$429
Unexpended balance, estimated savings	-244	-	-
TOTALS, EXPENDITURES	\$185	\$429	\$429
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$741	\$1,178	\$1,202
2 LOCAL ASSISTANCE	2009-10*	2010-11*	2011-12*
0890 Federal Trust Fund			
APPROPRIATIONS			
101 Budget Act appropriation as added by Chapter 1, Statutes of 2009, Fourth Extraordinary Session	\$3,000	-	-
Budget Adjustment	7,561	-	-
101 Budget Act appropriation	-	\$20,000	\$20,000
TOTALS, EXPENDITURES	\$10,561	\$20,000	\$20,000
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$10,561	\$20,000	\$20,000
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$11,302	\$21,178	\$21,202

CHANGES IN AUTHORIZED POSITIONS

	Positions/Personnel Years			Expenditures		
	2009-10	2010-11	2011-12	2009-10*	2010-11*	2011-12*
Totals, Authorized Positions	5.3	5.0	5.0	\$364	\$323	\$330
Furlough Adjustments	-	-	-	-	-13	-
PLP Adjustments	-	-	-	-	-12	-
Total Adjustments	-	-	-	\$-	-\$25	\$-
TOTALS, SALARIES AND WAGES	5.3	5.0	5.0	\$364	\$298	\$330

* Dollars in thousands, except in Salary Range.